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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

6285

October 22, 2014

Certified Return Receipt
7013 2250 0000 2310 4037

Kevin Baugh
Tar Sands Holdings II, LLC
6445 South Wasatch Boulevard, Suite 105
Salt Lake City, Utah 84121

Subject: Directive to Submit Additional Surety and to Amend the Large Mine Notice, Tar Sands Holdings II, Asphalt Ridge 2 Mine, M/047/0032, Uintah County, Utah

Dear Mr. Baugh:

On April 23, 2014, the Division of Oil, Gas and Mining approved the modified Notice of Intention to Commence Large Mining Operations (Notice) for the Asphalt Ridge 2 mine conditional on receipt of a signed page for the Notice and of an increased reclamation surety. The Division has received the signed page but not the increased surety.

In addition, there are areas outside the permitted area of the Asphalt Ridge 2 mine that have been affected by Tar Sands Holdings II or its predecessors, and these should be included as part of the permit for Asphalt Ridge 2.

Tar Sands Holdings II is directed to take the following actions by the dates indicated.

1. By December 1, 2014, submit additional reclamation surety in the amount of \$381,000.00 to bring the total to \$683,000.00.
2. By December 8, 2014, identify areas outside the permitted area for M/047/0032 which have been affected by mining operations by Tar Sands Holdings II or its predecessors and either, 1) amend the Notice to include in the Notice these affected lands, or 2) reclaim these affected areas.

If the Notice is amended as required under item 2, the Division will require additional surety. The amount of surety will need to be determined based on reclamation liabilities.

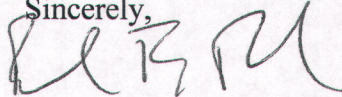


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The reclamation surety currently held by the Division for this site is a certificate of deposit (CD) at Zions Bank in the amount of \$302,000.00. The additional surety may be submitted by increasing the amount in the existing CD or by submitting a new CD, a letter of credit, a surety bond, or cash for either the total or increased amount. Please contact Penny Berry at 801-538-5291 or by e mail at pennyberry@utah.gov for assistance in completing this requirement.

Please contact me at 801-538-5261 or April Abate at 801-538-5214 if you have questions about this directive. Thank you for your cooperation.

Sincerely,



Paul Baker
Minerals Program Manager

PBB:pb

cc: April Abate
Steve Alder
Douglas Crapo
John Robinson

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